

(1) LOCKBOX # 358145	FCC/MELLON JUN 16 2006	SPECIAL USE ONLY
		FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$895.00
(4) STREET ADDRESS LINE NO. 1 2120 L Street, NW		
(5) STREET ADDRESS LINE NO. 2		
(6) CITY Washington	(7) STATE DC	(8) ZIP CODE 20037
(9) DAYTIME TELEPHONE NUMBER (include area code) (202) 659-0830		(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(11) PAYER (FRN) 0003714193	(12) FCC USE ONLY
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IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)
COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(13) APPLICANT NAME Consolidated Telephone Company		
(14) STREET ADDRESS LINE NO. 1 1102 Madison Street		
(15) STREET ADDRESS LINE NO. 2 P.O. Box 972		
(16) CITY Brainerd	(17) STATE MN	(18) ZIP CODE 56401
(19) DAYTIME TELEPHONE NUMBER (include area code) (218) 829-3531		(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN) 0011580412	(22) FCC USE ONLY
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COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1
(26A) FEE DUE FOR (PTC) 895.00	(27A) TOTAL FEE 895.00	FCC USE ONLY
(28A) FCC CODE 1		(29A) FCC CODE 2
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1		(29B) FCC CODE 2

SECTION D - CERTIFICATION

CERTIFICATION STATEMENT

I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.

SIGNATURE _____ DATE _____

SECTION E - CREDIT CARD PAYMENT INFORMATION

MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____

ACCOUNT NUMBER _____ EXPIRATION DATE _____

I hereby authorize the FCC to charge my credit card for the service(s) authorization herein described.

SIGNATURE _____ DATE _____

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Tekstar Communications, Inc.)
Assignor)
)
Consolidated Telephone Company)
Assignee)
)
For Assignment of Assets Used to Provide Competitive Local)
Exchange Service and Interexchange Services in Nisswa, Minnesota)
Pursuant to Domestic Blanket Authorizations under Section 214)
of the Communications Act)

TO: Chief, Wireline Competition Bureau

**APPLICATION FOR CONSENT
TO ASSIGNMENT OF CLEC ASSETS SUBJECT TO
DOMESTIC BLANKET SECTION 214 AUTHORIZATION**

Commission authorization is hereby requested for the assignment of the domestic blanket Section 214 authorization and other assets (including equipment and customer lists) used to provide competitive local exchange services and interexchange services in a single competitive local exchange carrier ("CLEC") exchange serving Nisswa, Minnesota, from Tekstar Communications, Inc. ("Tekstar") to Consolidated Telephone Company ("Consolidated").

Tekstar is a Minnesota CLEC that provides competitive local exchange services and resold long distance toll services to customers in fifteen north central and northwest Minnesota exchanges (Detroit Lakes, Battle Lake, Henning, Wadena, Staples, Hawley, Nisswa, Bemidji, Cass Lake, Crookston, Fergus Falls, Glenwood, Grand Rapids, Mahnomen, and Thief River Falls) in which Qwest Corporation ("Qwest") is the

incumbent local exchange carrier ("ILEC"), and in four west central Minnesota exchanges (Long Prairie, Carlos, Alexandria and Browerville) in which Sprint Minnesota, Inc. ("Sprint") is the ILEC.

Consolidated is a Minnesota ILEC that provides local exchange service and exchange access in ten north central Minnesota exchanges (Freedhem, Leader, Lincoln, Mission, Motley, Nokay Lake, Outing, Pillager, Randall and Sullivan Lake). Consolidated is also a Minnesota CLEC that provides competitive local exchange services and resold long distance toll services to customers in two north central Minnesota exchanges (Brainerd and Nisswa) in which Qwest is the ILEC, and that is authorized by the Minnesota Public Utilities Commission ("MPUC") to provide competitive local exchange services and resold long distance toll services to customers in two additional north central Minnesota exchanges (Little Falls and Staples) in which Qwest is the ILEC.

The proposed transaction consists of the sale of the Tekstar's Nisswa CLEC exchange (including its equipment, customer base and federal and state authorizations) to Consolidated.

The City of Nisswa is located in Crow Wing County, Minnesota and has a population of approximately 2,000. Qwest is presently the ILEC serving Nisswa. Four CLECs (including Tekstar and Consolidated) presently offer competitive local exchange services in Nisswa. In addition, five wireless carriers and an increasing number of VoIP providers offer services that compete in whole or part with traditional wireline local exchange services.

After the proposed transaction is completed, Consolidated will merge the Tekstar *equipment and operations with its own local CLEC equipment and operations in Nisswa.* In addition, Consolidated will upgrade the existing Tekstar and Consolidated facilities by installing additional fiber optic facilities, including some "fiber to the home" ("FTTH") circuits, so that it may offer additional, higher-speed and more reliable services. The cost savings and economies of scale produced by the transaction, plus the subsequent fiber investments, should enable the enlarged and upgraded Consolidated CLEC operation to compete more vigorously and effectively not only with Qwest, but also with the other CLEC, wireless and VoIP providers serving the Nisswa market.

In accordance with the requirements of Section 63.04(a) of the Commission's Rules, the applicants submit the following information:

(1) Name, address and telephone number of each applicant:

Assignor:

Tekstar Communications, Inc.
150 Second Street, SW
Perham, Minnesota 56573
Telephone: (218) 346-5000
Facsimile: (218) 346-8829

Assignee:

Consolidated Telephone Company
1102 Madison Street (P.O. Box 972)
Brainerd, Minnesota 56401
Telephone: (218) 829-3531
Facsimile: (218) 764-3511

(2) Government, state or territory under the laws of which each corporate or partnership applicant is organized:

Tekstar is a corporation organized under the laws of the State of Minnesota.

Consolidated is a cooperative corporation organized under the laws of the State of Minnesota.

- (3) **Name, title, post office address, and telephone number of the officer or contact person to whom correspondence concerning the application is to be addressed:**

For Assignor:

David Pratt
Tekstar Communications, Inc.
150 Second Street, SW
Perham, Minnesota 56573
Telephone: (218) 346-5000
Facsimile: (218) 346-8829

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

For Assignee:

Kevin T. Larson, CEO/General Manager
Consolidated Telephone Company
1102 Madison Street (P.O. Box 972)
Brainerd, Minnesota 56401
Telephone: (218) 829-3531
Facsimile: (218) 764-3511

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

- (4) Name, address, citizenship and principal business of any person or entity that directly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities:

For Assignor:

The name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of Tekstar is:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Tekstar Cablevision, Inc. 150 Second Street SW Perham, MN 56573	100.0%	MN Corp.	Cable Television

In turn, the name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of Tekstar Cablevision is:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Arvig Enterprises, Inc. 160 Second Street SW Perham, MN 56573	100.0%	MN Corp.	Telecommunications

In turn, the names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Arvig Enterprises, Inc. are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Allen Arvig 160 Second Street SW Perham, MN 56573	31.1%	U.S.A.	Telecommunications
Arvig Employee Stock Ownership Plan 160 Second Street SW Perham, MN 56573	20.2%	U.S.A.	Telecommunications
Donna Ward 160 Second Street SW Perham, MN 56573	18.6%	U.S.A.	Telecommunications

For Assignee:

Consolidated Telephone Company ("Consolidated") is a telecommunications cooperative corporation owned by its approximately 8,400 owner-members. No individual owner-member owns or controls ten (10) percent or more of the equity of Consolidated.

- (5) Certification pursuant to 47 C.F.R. §§1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.**

Tekstar and Consolidated hereby certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

(6) Description of the transaction:

The proposed transaction consists of the purchase of the facilities, equipment and customer base of Tekstar's Nisswa, Minnesota exchange by Consolidated. This is a CLEC operation that provides competitive local exchange service and resold long distance toll services to customers in Nisswa. Consolidated, which operates a similar CLEC business that provides local exchange service and resold long distance toll services to customers in Nisswa, will consolidate Tekstar's Nisswa facilities, equipment and customer base with its own Nisswa facilities, equipment and customer base in order to obtain cost savings and economies of scale, and will upgrade the merged facilities by adding fiber optic facilities, including FTTH circuits, in order to offer additional, higher-speed and more reliable services. These changes will permit Consolidated to compete more vigorously and effectively with Qwest's ILEC operations in Nisswa, as well with the other CLECs and with the wireless and VoIP services that are becoming increasingly available in the Nisswa market.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:

Maps of the Nisswa exchange, and of the service areas of Consolidated and of Tekstar and its affiliates, are attached.

Areas and Services of Assignor Tekstar and affiliates

Tekstar provides competitive local exchange service and resold long distance toll services to customers in central and west central Minnesota. It serves fifteen central and west central Minnesota exchanges (Detroit Lakes, Battle Lake, Henning, Wadena, Staples, Hawley, Nisswa, Bemidji, Cass Lake, Crookston, Fergus Falls, Glenwood, Grand Rapids, Mahnomen, and Thief River Falls) in which Qwest is the ILEC, and four west central Minnesota exchanges (Long Prairie, Carlos, Alexandria and Browerville) in which Sprint is the ILEC.

Tekstar's immediate parent company, Tekstar Cablevision, Inc., provides cable television services and other non-regulated non-telecommunications services in many of the same areas.

Tekstar's ultimate parent company, Arvig Enterprises, Inc. ("Arvig") owns the following six ILECs: (1) East Otter Tail Telephone Company; (2) Twin Valley-Ulen Telephone Company; (3) Callaway Telephone Company; (4) The Peoples Telephone Company of Bigfork; (5) Midwest Telephone Co.; and (6) Osakis Telephone Company. These six rural telephone companies provide local exchange services and exchange access services in twenty-seven rural local exchanges in central, west central and northwest Minnesota. Arvig also owns WETEC, LLC ("WETEC"), a CLEC that is authorized by the MPUC to provide competitive local exchange services and resold long distance toll services in six north central Minnesota exchanges in which Qwest is the ILEC.

Arvig sometimes refers to its affiliated ILEC and CLEC companies under the trade name Arvig Communication Systems.

Areas and Services of Assignee Consolidated

Consolidated provides local exchange service and exchange access in ten north central Minnesota exchanges (Freedhem, Leader, Lincoln, Mission, Motley, Nokay Lake, Outing, Pillager, Randall and Sullivan Lake). It also provides competitive local exchange service and resold long distance toll services in two north central Minnesota exchanges (Brainerd and Nisswa) in which Qwest is the ILEC, and is authorized by the MPUC to provide competitive local exchange service and resold long distance toll services in two additional north central Minnesota exchanges (Little Falls and Staples) in which Qwest is the ILEC.

(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:

Although Tekstar and Consolidated are both non-dominant carriers in Nisswa, it appears that they do not fit exactly within any of the presumptive streamlined categories of Section 63.03(b) of the Commission's Rules. Therefore, they are not requesting streamlined treatment for this application.

Applicants note that, both before and after completion of the proposed transaction, both Consolidated and the Tekstar organization will have a market share in the interstate, interexchange market of substantially less than 10 percent. In addition, Consolidated, Tekstar and Tekstar's affiliates have, in combination, far fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Their aggregate access lines comprise only a very small fraction of the 3,601,735 end-user switched access lines that constituted two percent of the nation's estimated 180,086,735 end-user switched access lines as of June 30, 2004. Source: Industry Analysis and Technology Division, Trends in Telephone Service, April 2005, Table 8.1.

However, even though this is a very small transaction between two non-dominant CLECs, each entity has ILEC or affiliated ILEC operations in other areas, and each presently provides service in Nisswa.

(9) Identification of all other Commission applications related to the same transaction:

No other Commission applications will be filed with respect to this transaction. However, in conjunction with its acquisition of Tekstar's Nisswa customer base, Consolidated will comply with subscriber notice provisions in Section 64.1120(e) of the Commission's Rules and will file the requisite letter notification in CC Docket No. 00-257 and certification required by Section 64.1120(e)(1) at least thirty (30) days prior to the transfer of the affected subscribers.

(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

No party to the transaction is facing imminent business failure at this time. Therefore, the applicants are not requesting special consideration because a party to the transaction is facing imminent business failure.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

No separately filed waivers or waiver requests are being sought in conjunction with the proposed transaction.

(12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

The proposed transaction entails the sale of a single CLEC exchange serving a small Minnesota city having a population of approximately 2,000. Given that the City of Nisswa is presently served by Qwest and four CLECs, plus five wireless carriers and an increasing number of VoIP services, the transaction will enhance local competition even though it will result in the consolidation of two of the existing CLECs. By merging Tekstar's local CLEC network and customer base with its own, Consolidated will be able to reduce aggregate CLEC expenses and obtain greater economies of scale. In addition, Consolidated will be better able to implement its plans to install additional fiber optic facilities in Nisswa, including FTTH circuits in certain areas. This will permit Consolidated to offer more telecommunications and information services to Nisswa residents at faster speeds and with increased reliability. All in all, the transaction will permit Consolidated's enlarged CLEC to compete more vigorously and effectively with Qwest, as well as with the other CLEC, wireless and VoIP providers.

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of the assets of Tekstar's Nisswa, Minnesota exchange, plus the domestic blanket Section 214 authorization for such exchange, to Consolidated.

Respectfully submitted,

TEKSTAR COMMUNICATIONS,
INC.

CONSOLIDATED TELEPHONE
COMPANY

By 

By _____

Printed Name DAVID R. ARVIK

Printed Name _____

Title V.P.

Title _____

Date 6-12-06

Date _____

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of the assets of Tekstar's Nisswa, Minnesota exchange, plus the domestic blanket Section 214 authorization for such exchange, to Consolidated.

Respectfully submitted,

**TEKSTAR COMMUNICATIONS,
INC.**

**CONSOLIDATED TELEPHONE
COMPANY**

By _____

By Kevin T. Larson

Printed Name _____

Printed Name KEVIN T LARSON

Title _____

Title CEO / GENERAL MANAGER

Date _____

Date 6/8/06

EXHIBIT A

MAP OF NISSWA EXCHANGE

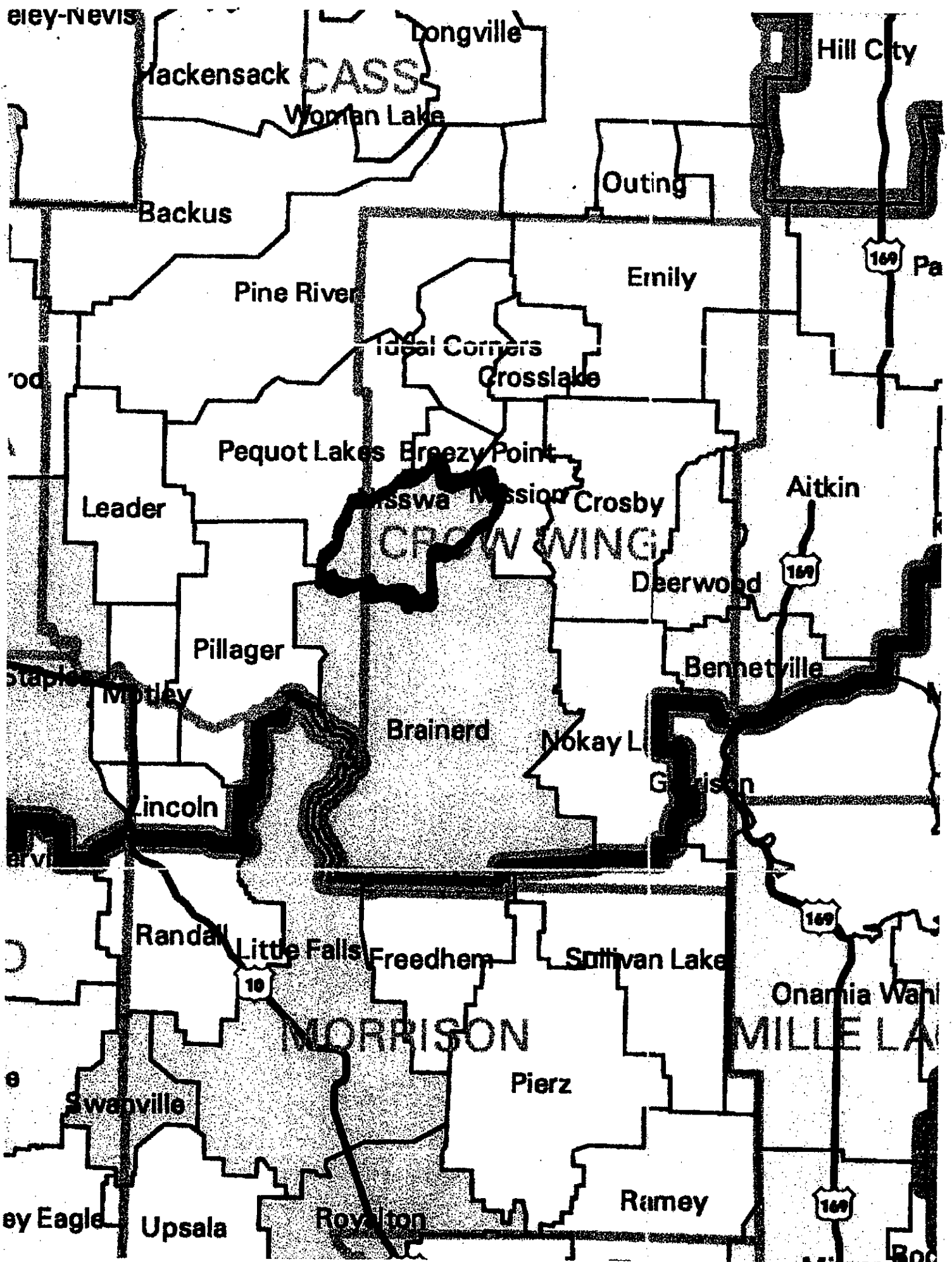


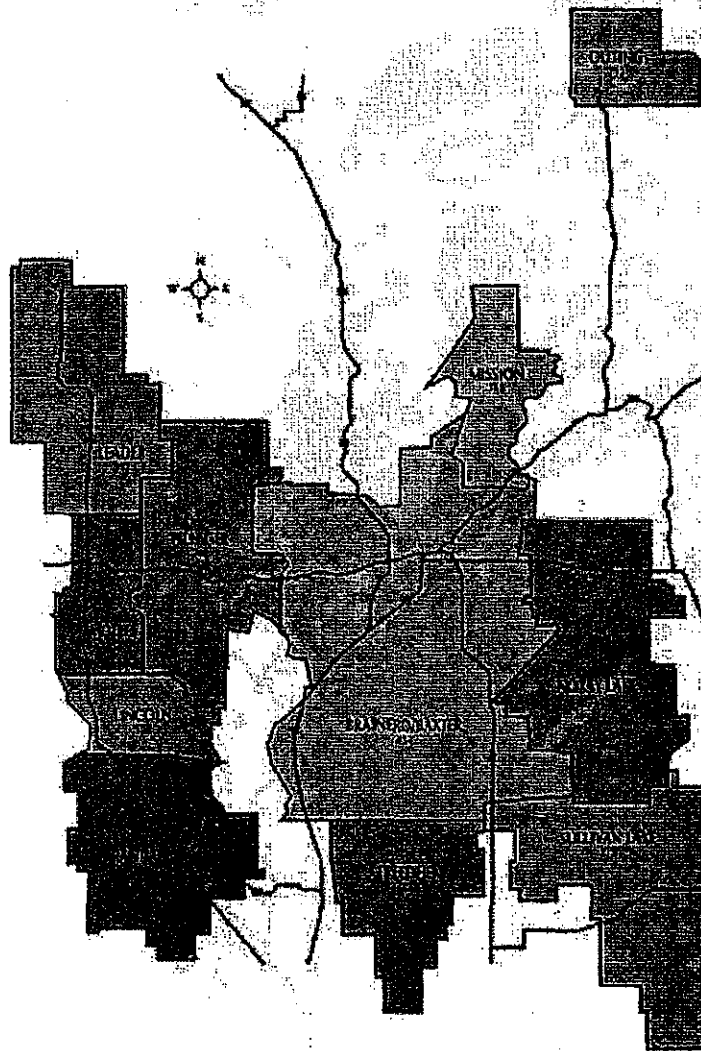
EXHIBIT B

MAP OF CONSOLIDATED ILEC EXCHANGES

*Legendary Communication Services*[ABOUT CTC](#)[RESIDENTIAL](#)[BUSINESS](#)[TECHNOLOGY SERVICES](#)[SUPPORT](#)[CONTACT](#)

Residential Services

To help us serve you better please select the area you live in from the map.



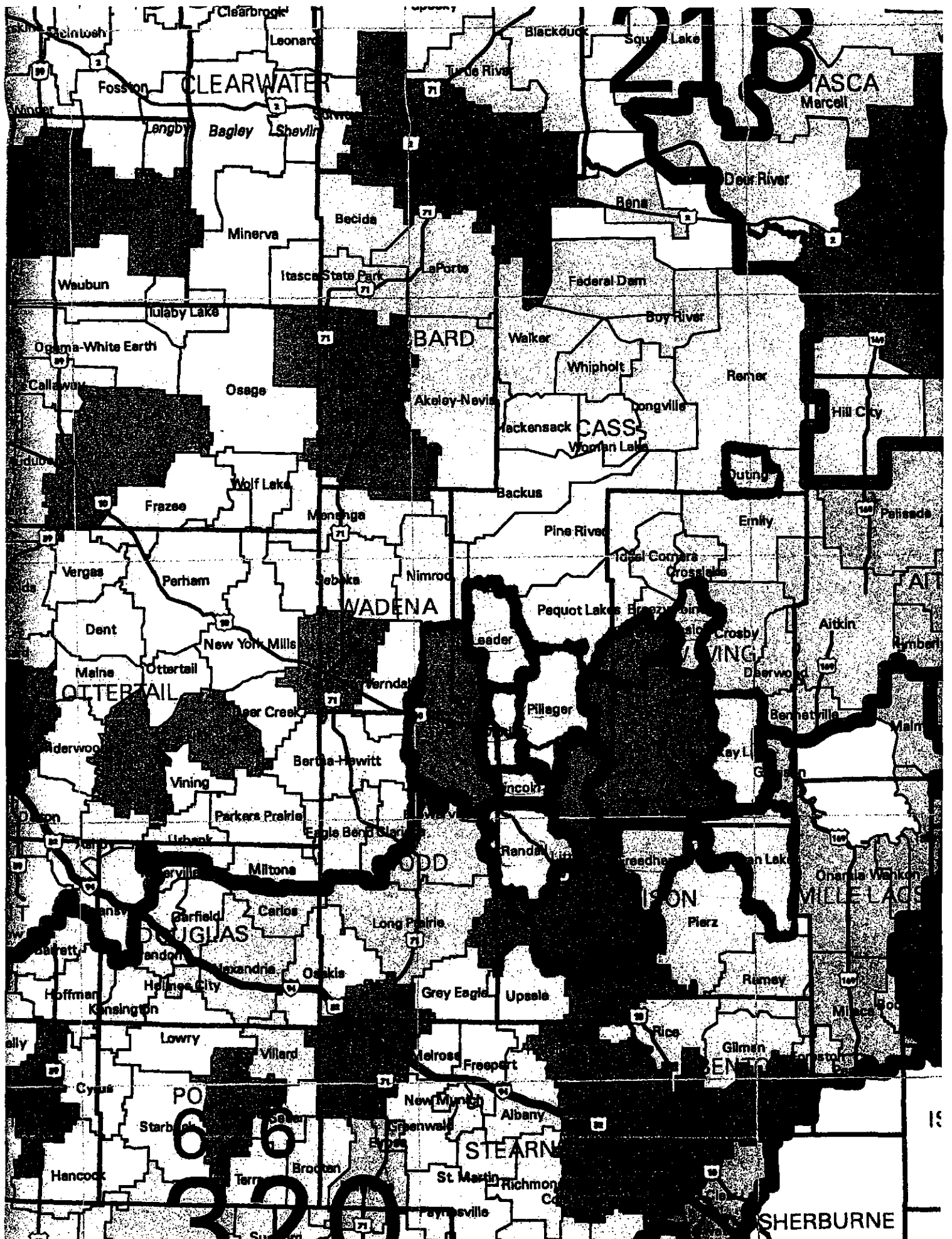


EXHIBIT C

MAP OF ARVIG COMMUNICATION SYSTEMS EXCHANGES



ACS is proud to offer telephone service and support to the following areas:

Akeley, Battle Lake, Bejou, Bertha, Big Fork, Bluffton, Bowstring, Butler, Callaway, Carlos, Cass Lake, Clitherall, Deer Creek, Deer Lake, Dent, Detroit Lakes, Eagle Bend, Effie, Evergreen, Flom, Gary, Hawley, Henning, Hewitt, Longville, Mahanomen, Maine, Marcell, Miltona, Naytahwaush, Nevis, New York Mills, Nisswa, Ogema, Osage, Osakis, Ottertail, Owen Lake, Park Rapids, Parkers Prairie, Perham, Ponsford, Richville, Richwood, Rochert, Snellman, Spring Lake, Syre, Staples, Talmoon, Tulaby, Twin Valley, Ulen, Urbank Vergas, Wadena, Walker, Waubun, Whipholt, and White Earth.

